



Department
for Work &
Pensions

Benefit claims by EEA nationals

UK Benefit and Tax Credit claims by recently
arrived EEA migrants

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Introduction

The statistics in this report present a one-off ad hoc analysis in support of the Prime Minister's speech examining the extent to which recently arrived EEA nationals are in households receiving UK welfare support whilst either in work or out of work.

The existing Departmental Official Statistics series¹ on the nationality of benefit claimants differs in benefit coverage to these ad hoc statistics. The existing Official Statistics published in August of each year cover only DWP working age benefit claimants for both EEA and non-EEA nationals.

This analysis makes use of a 5% sample consolidated administrative dataset with the nationality identified for benefit claimants to produce an estimate of the recently arrived and still resident EEA national population that were claiming any DWP working age benefit or HMRC tax credits at March 2013 having arrived in the preceding 4 years.

Data to the end of March 2013 has been used as this is the latest available in the policy simulation model dataset that has been used as the basis for this analysis. This dataset provides the greatest capability to examine the topic covered in this ad hoc release.

¹ Nationality at point of NINO registration of DWP working age benefit recipients: data to Feb 15
<https://www.gov.uk/government/statistics/nationality-at-point-of-nino-registration-of-dwp-working-age-benefit-recipients-data-to-feb-2015>

Methodology

The statistics presented in this report have been derived from a mix of different administrative and survey datasets. There is no single dataset that is readily available which allows the production of robust analysis on this topic from a single source.

The data sources used in this analysis are: Labour Force Survey – Q1 2013 to estimate the EEA recently arrived and still resident population; DWP INFORM policy simulation model administrative data merged with Nationality at NINO registration data to identify the nationality, arrival date, family composition and benefit claims by EEA nationals.

Identifying working age benefit claimants

To identify benefit claimants the DWP working age benefit and tax credits policy simulation model– INtegrated FORecasting Model (INFORM) has been used to identify the working age benefit claiming population at a point in time. This dataset is used as the basis for dynamic modelling of the working age system. It is derived from extracts of the DWP Work and Pensions Longitudinal Study (WPLS), the Single Housing Benefit Extract (SHBE) and a sample of HMRC interim Tax Credit system. Each of these are administrative datasets from which an extract has been taken to produce a 5% sample of the working age benefit caseload. To enable the creation of this policy simulation model dataset, the National Insurance Numbers (NINO) for each lead claimant involved in a respective benefit or Tax Credit claim from the different datasets have been matched to provide a summary per month of the different benefits that claimant is making.

The latest available financial year available from this model is 2012/13; hence the analysis has been based on the caseload at March 2013.

Identifying nationality of benefit claimants

To identify the nationality of benefit claimants, the NINO of the main benefit claimant has been matched with the dataset of nationality at NINO registration (sourced from HMRCs National Insurance and Pay as you Earn System). This approach is consistent with the established approach to identify the nationality of benefit claimants in existing Official Statistics series.

Identifying the recently arrived EEA population

To identify the population of recently arrived EEA migrants, the Labour Force Survey (LFS - Q1 2013) has been used to determine how many EEA nationals who were still resident at March 2013 had arrived within the preceding four years.

Identifying the type of benefit claim

To identify whether the claim could be considered an in work claim or an out of work claim, the hours recorded for a main claimant (or their partner if they have one) has been considered. In this analysis, in work claims have been recorded where either the main claimant or their partner has any employed hours recorded and they are in receipt of Tax Credits or Housing Benefit.

Cautionary notes

Data quality

The data used to underpin this analysis has been extracted from the DWP policy simulation model, the benefit and tax credit caseload information contained within this dataset is subject to some processing to prepare its use for forecasting purposes. This will result in a small degree of discrepancy in caseload totals when compared with published caseload statistics per benefit / tax credit. This introduces some degree of uncertainty around individual cases.

Data timeliness

The latest available data used to underpin this analysis was for the financial year 2012/13. It is recognised that the benefit caseloads and the estimates of EEA nationals claiming benefits / tax credits will be reflect a combination of the labour market conditions in the UK at that time, the individual benefit entitlement rules and migration patterns in the period to 2013. It is important to note that each of these is subject to change over time.

Identifying nationality of benefit claimants

Nationality at NINO registration has been used to identify EEA nationals. This does not represent a complete match for the current nationality of an individual. It is recognised that some claimants who were a non-UK national at the point of NINO registration may have subsequently become UK nationals by the time of their benefit claim. The risk of this issue affecting this analysis is relatively low as the focus is on arrivals within the preceding 4 years, this does not allow for establishing permanent residence which is over a 5 year period.

This approach assesses the nationality and UK arrival data of the main claimant and then makes adjustments to account for their partners. This approach means that it is a possibility that EEA national partners who have been resident for less than 4 years but their EEA national partner claiming benefits has been in the UK for at least 4 years are not included in these statistics.

The benefits included within this analysis are DWP working age benefits and HMRC Tax Credits. Benefits paid specifically to those of pension age or HMRC Child Benefit have not been included in this analysis.

Identifying the date of arrival

The earlier of: (a) arrival date, or; (b) NINO registration date, has been used to estimate recently arrived EEA nationals claiming benefits. Arrival dates recorded on the NINO registration dataset are self-reported and subject to some degree of error. It should also be noted this approach does not provide an assessment of whether the individual had been continuously resident since their arrival / NINO registration.

Estimating the number of individuals in benefit claims

To account for EEA nationals who were not recorded as the main claimant in a UK or non-EEA led household claiming benefits or tax credits an uplift has been applied based on a HMRC analysis of EEA nationals who were not the main claimant. This uplift was estimated on the basis of HMRC analysis where the EEA national was the partner of a non-EEA national main claimant. A similar uplift has been applied to reflect the EEA national partners of EEA national main claimants.

Estimates also reflect the number of children in households claiming benefits where there is an EEA adult – it is not possible to specifically identify the nationality of these children. It is estimated that a small proportion of the children in these households would have been born in the UK after their parent's arrival in the UK.

Estimating the recently arrived and still resident EEA population

The estimates of the resident EEA national population at March 2013 having arrived within the previous 4 years as derived from the APS 2013 may contain a slight over count as the month of arrival was not asked of respondents in 2009 – so there may be a small number of arrivals in January or February 2009 still resident who are included in these estimates.

Due to limitations in the datasets used to produce this analysis it is not possible to produce a more detailed breakdown of these statistics by any sub-national geographic level or for specific nationality groups.

Results

In order to reflect the uncertainty and limitations (as highlighted in the methodology section) in the use of the datasets to produce this analysis, the results have been presented as a range. This uncertainty has been expressed through adjusting the numerator part of the statistics as there are greater sources of potential uncertainty in the estimation of those figures.

It is estimated that, at March 2013, **between 37 per cent and 45 per cent** of the EEA nationals (excluding students) who were resident in the UK having arrived in the preceding 4 years were in households claiming either an in-work or out-of-work benefit or tax credit.

This represents **between 195,000 and 235,000 (numerator)** EEA Nationals in recently arrived households claiming benefits or tax credits at March 2013 out of **525,000 (denominator)** recently arrived EEA nationals resident in the UK at March 2013.

Numerator

At March 2013 there were between 95,000 and 105,000 claims that were from an EEA national who had registered for a NINO or reported arriving within the preceding 4 years.

Based on the family information recorded as part of this claim it is estimated that this represents between 120,000 and 140,000 EEA national adults (taking into account those reported as having a partner). It is estimated there were also between 75,000 and 95,000 children in these EEA national led claims.

This provides an estimate of **between 195,000 and 235,000** EEA nationals who were in households in receipt of benefits or tax credits at March 2013 having arrived in the preceding 4 years.

Denominator

The number of EEA children aged 0 – 20 (excluding those 17-20 year olds in University or college) resident in the UK at March 2013 in EEA households that had arrived within the previous 4 years is estimated at 135,000.

This has been added to the 390,000 EEA national adults of a working age resident in the UK who had arrived in the UK within the previous 4 years.

This gives **525,000** EEA nationals resident in the UK at March 2013 who had arrived within the previous 4 years. (Source: LFS Q1 2013).

Type of benefit claim

Around 66 per cent were claims where either a main claimant or their partner (if in a couple) was recorded as being in work.

Around 34 per cent were claims where neither a main claimant nor their partner (if in a couple) was recorded as being in work (out of work claims).

Contact Points for Further Information

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